WPPI energy

POWER REPORT

December 2012

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WPPI Energy is a regional power company serving 51 consumer-owned electric utilities. Through WPPI Energy, these public power utilities share resources and own generation facilities to provide reliable, affordable electricity to more than 195,000 homes and businesses in Wisconsin, Upper Michigan and Iowa.

New Wastewater Digester Strengthens Richland Center Community

In Richland Center, Wis., a new wastewater digester project is adding value to the community and strengthening the local economy. Foremost Farms USA and Schreiber Foods–two major dairy processors in Richland Center–worked together to develop the new Richland Center Renewable Energy, LLC (RCRE) digester.

Richland Center Renewable Energy, LLC (RCRE) digester.

Construction on RCRE began in late 2011 and the project is expected to be completed and online by the end of 2012. RCRE will generate up to 1.7 megawatts per hour of renewable energy. WPPI Energy will purchase the power, using it to serve City Utilities of Richland Center and the 50 other locally owned, not-for-profit member utilities of WPPI Energy.

The digester will treat industrial wastewater from Foremost Farms and Schreiber Foods with an anaerobic and aerobic process, recovering biogas–mixtures of methane, carbon dioxide, and trace gases–generated from the treatment process and convert it to electricity.

The project boasts many benefits for the Richland Center community, including the use of local resources to power local needs. The digester will efficiently handle the wastewater streams from Foremost Farms and Schreiber Foods. RCRE will also significantly reduce land-applications of liquid waste streams on agricultural fields, thereby reducing potential runoff and discharge of nutrients into local waterways.

RCRE will address the current industrial and future energy needs of the Richland Center community by providing a long-term, economical waste management solution and clean source of local energy. Additionally, the RCRE digester will help meet the future power supply needs of WPPI Energy's 50 other locally owned communities, benefitting members and customers for the long term. (Read more about Richland Center on pp. 3 and 4.)

Longtime Public Power Leaders Recognized

At its annual meeting this fall, the WPPI Energy membership inducted three new individuals into the Joint Action Hall of Fame. WPPI Energy members established the Joint Action Hall of Fame in 1987 to recognize individuals who have made extraordinary and substantial contributions to the development and success of WPPI Energy and who have played pivotal roles in developing the joint action alternative for municipal utilities.

WPPI Energy Joint Action Hall of Fame

- John O. Andler – 2012
- Dennis Horner – 2012
- Michael Stuart – 2012
- Roy Thilly – 2011
- Peter Steitz – 2008
- Larry Bocock – 2007
- Dennis Westhuis – 2005
- Bill Pappathopoulos – 2004
- Dennis Rydzewski – 2002
- Ron Greuel – 1999
- Charles T. Bradburn – 1999
- Ernest J. Mullen – 1994
- Thomas S. Pinney Jr. – 1994
- Joseph Drone – 1993
- William Baudhuin – 1993
- David W. Penn – 1992
- Glenn W. Frank – 1992
- James Austin – 1991
- Albert F. Leu – 1990
- Ernest Dyer – 1990
- John Sauer – 1989
- Chester J. Harrison –1989
- Arthur J. Jark – 1988
- George Straus – 1988
- Robert F. Dickinson – 1987
- Norman E. Dietrich – 1987
- Edmund J. Garber – 1987
- Bud C. Lueders – 1987
- Donald L. Smith – 1987
- Richard Olson – 1987

From the CEO: Mike Peters

mpeters@wppienergy.org

WPPI Energy's members provide local, hometown service with a kind of customer focus that is unique to community-owned, public power utilities. To help preserve this important customer focus, as well as the important long-term value that public power brings to each community, the 51 member utilities of WPPI Energy work together to share expertise and technology and to power their communities with a portfolio of cost-effective, reliable resources.

In my State of WPPI Energy presentation at our recent annual meeting, I shared highlights from the past year. The highlights tell the story of a continuing economic recovery and our united efforts to help keep our communities fiscally healthy now and for the long term.

In 2012, the WPPI Energy membership had three important priorities: maintain a diverse and strong power supply portfolio; stay on the cutting edge of new and developing technologies; and continue to do all we can to keep costs down today while also maintaining our strategic focus on meeting our communities' long-term needs.

First, just like a good retirement portfolio, a strong power supply must have diversity and flexibility. Our electric generation comes from assets that WPPI Energy owns–the recently completed Elm Road Generating Station in Oak Creek, Wis., is one example–as well as from long-term purchases of power from resources like the Point Beach Nuclear Plant near Two Rivers, Wis. Our power supply resources feature a mix of coal, natural gas, nuclear and renewables. This diverse and flexible combination has allowed us to maintain reliable service and stable rates amid energy market fluctuations and this year's record-setting weather.

The recent additions from Elm Road and Point Beach also have helped to make ours the cleanest and most modern fleet in the region. By working together and planning carefully for the future, WPPI Energy's member utilities have positioned their communities very well to continue providing reliable and cost-effective service in the face of significant new environmental regulations.

Technology is another area in which WPPI Energy member utilities enjoy shared strength. In a rapidly changing industry, WPPI Energy members share sophisticated software and systems, innovative technologies and expertise to bring customers excellent services and programs. This past year, for example, our members worked together to benchmark best practices for metering and billing, drawing upon the combined knowledge of 51 utilities to set the bar high for providing excellent service in our communities.

As our communities continue the difficult process of recovering from the economic downturn, we take seriously our responsibility to keep costs down. I am pleased to report that the Executive Committee of the WPPI Energy Board of Directors took a number of decisive steps this year to reduce WPPI Energy administrative and general and power costs. For example, WPPI Energy was able to reduce near-term power supply costs by selling a portion of our excess energy resulting from the Point Beach power purchase agreement to Central Minnesota Municipal Power Agency.

Throughout the past year, as they have since our agency was formed in 1980, WPPI Energy's members continued to demonstrate the advantages of local ownership and joint action. The concept can be stated quite simply: there's strength in numbers. By working together, the member utilities of WPPI Energy ensure that our communities remain economically healthy and well-positioned for the long term.

QUICK TAKES

WPPI Energy News in Brief

WPPI Energy Members Recognized for Excellent Utility and Community Service

At WPPI Energy's annual meeting, Stoughton Utilities Director Bob Kardasz and Waupun Utilities Operations Supervisor Randy Posthuma both received the *Individual Achievement Award* for their commitment and dedication to helping municipal utilities provide excellent service to customers. Utility Commission President for Black River Falls Municipal Utilities John Lund received the *Community Service Award* for his service to the utility and the community.

New WPPI Energy "Stronger Together" Video Available

Through joint action, WPPI Energy members accomplish what would be too difficult and expensive to do on their own and they work together to preserve value for their customers and their communities for the long term. WPPI Energy's new video "Stronger Together" highlights the advantages of local ownership and local control. The video can be viewed online at www.wppienergy.org.

New Member Group Targets Policymaking, Advocacy and Communications

The WPPI Energy Policy and Communications Leadership Council (PCLC) is a new member group that helps increase policy advisory and grass-tops outreach on legislative and regulatory issues important to WPPI Energy's member communities. The PCLC provides leadership with the WPPI Energy membership and guides WPPI Energy in calling on state and federal policymakers, as well as encouraging other members, to ensure effective communications and messaging for system-wide objectives and issues. Grass-tops outreach and participation in legislative advocacy by local community leaders continues to be an effective tool in reaching out to state and federal policymakers to ensure sound energy policy for the benefit of WPPI Energy's member communities and their customers.

Fitch Ratings Affirms Stable Rating Outlook

Fitch Ratings has affirmed WPPI Energy's Power Supply System Bonds at 'A+', stating that WPPI Energy's rating outlook is stable.

richland center, wisconsin fast facts

County: Richland

Number of Customers:
2,913

Member Website:
www.cityutilitiesofrc.com

Did you know?

- City Utilities of Richland Center was established in 1904 by the community's early founders. In 1937, the utility provided power to the Richland Electric Cooperative, the state's first electricity co-op.
- Richland Center is the birthplace of Frank Lloyd Wright and home of the state's first municipal auditorium.
- The company GTE—now Verizon/Frontier—got its start here.
- The community hosts the Star Spangled Country music celebration each June, which draws about 7,500 visitors.

WPPI Energy member since 2001.

MEMBER SPOTLIGHT

Richland Center, Wisconsin

Richland Center City Hall and Utility Office.

City Utilities of Richland Center has big ideas on the ways in which a small town can be more environmentally responsible.

The new, energy-efficient Richland Area Community Center and a new joint venture, Richland Center Renewable Energy, LLC (RCRE) (see story on p. 1), are the two most recent examples of the not-for-profit, locally owned utility's role in forward-thinking community leadership.

Richland Center Renewable Energy, LLC (RCRE) digester.

With the utility's active participation, the new community center incorporated greener, cost-saving features that will better serve area residents and save the city money for decades to come.

The center, which opened its doors in April 2012, is believed to be the first commercial building in the state and among the first in the nation to be entirely lit by light-emitting diode (LED) lights. A new electric car-charging station in the parking lot offers a convenient place for recharging near the center, a park and the bike trail.

Over the past few years, the utility has invested in other energy-saving upgrades as well. One example is the city's hybrid electric bucket truck, purchased with the help of grant funds. Another is a solar-photovoltaic installation at City Hall, which generates 8.64 kilowatts, or 14,500 kilowatt-hours (kWh), of emissions-free electricity per year and supplies 10 percent of the building's electricity needs. The solar panels' output is monitored online, which helps to educate the public about the local use of renewable energy.

"As a result, Richland Center businesses and residents are thinking more about sustainability," said Dale Bender, electric superintendent for the City Utilities of Richland Center.

"We've helped quite a few of our businesses and homes make better environmental, more energy-efficient choices, and that has worked out well for us," Bender said. "We've been able to provide Commitment to Community dollars and other resources and to make a difference."

Bender credits community leaders, including members of the Richland Center Utility Commission, for the kind of thinking that has made these projects possible.

"They look at things very progressively. They're willing to take the risk to be out there leading instead of following," he said.

continued on next page

Community Involvement

The City of Richland Center Utilities has worked on several other energy-efficiency projects in the community recently. The utility helped secure ENERGY STAR® school certification for both Doudna Elementary and Jefferson Elementary to recognize the significant energy savings they've achieved.

Lighting projects in the community, at both Jones Chevrolet and at the Richland County Highway Shop, highlight a local commitment to energy efficiency. The utility provided incentives for both of those projects using Commitment to Community funds.

Through the utility's Shared Savings program, senior living and care facility Schmitt Woodland Hills was able to secure funding for energy-saving upgrades. Another business, Schreiber Foods, Inc., took advantage of another utility program, and was awarded a $72,000 competitive grant for a major upgrade to its refrigeration system.

A portion of City Utilities of Richland Center customers participate in the local utility's Renewable Energy Program, by purchasing a total of more than 1,200 kWh of renewable energy each month. Local customers also can apply for incentives from Wisconsin utilities' statewide energy efficiency and renewable resource program, Focus on Energy, for efficient home and business improvements and appliances.

Bender and his staff continually seek ways to educate the public–and the new community center offers a prime opportunity.

The utility has welcomed instructors and students from the University of Wisconsin-Richland, who will visit the center for coursework on energy efficiency, as well as Scout troops, 4-H groups and others.

City Utilities of Richland Center also looks for every opportunity to interact with local businesses. Bender participates in monthly business tours with the local economic development group and elected officials, speaks at business luncheons, and leads business owners on tours of the community center. Utility personnel make a point of visiting business and industrial utility customers and getting to know their key employees.

"We care very much about local businesses," said Bender. "When they have a problem, I want them to know we're here to help facilitate a solution. Our role is to have them be comfortable enough to ask us for help when they need it. I think that's where the utility can really help with economic development."

"There's a sense of pride that I hope everyone in the city has, realizing that we're a bit further along than what they think a little town is," Bender said.

Richland Center, Wisconsin

High Standards

An electric car-charging station in the parking lot of the Richland Area Community Center offers a convenient place for recharging near the center.

Construction began in October 2011 on the 12,500 square-foot community/senior center. Richland Center received $1.79 million in federal funding for the center through the Community Development Block Grant-Emergency Assistance Program because of flooding around the previous community center.

From the beginning, former Mayor Larry Fowler sought input from Bender and his staff to serve on a committee to study energy-efficiency options. After considering many ideas, the city decided to adhere closely to U.S. Green Building Council Leadership in Energy and Environmental Design (LEED) standards but not to pursue certification, mainly because of cost considerations.

Later, when contractor Mark Miller of Miller Electric suggested LED lighting, committee members worked quickly to make it happen. Bender and Energy Services Representative James Schwingle toured other facilities and met with lighting vendors to research options. The result is a state-of-the-art design, using fixtures right off the assembly line, all manufactured in Wisconsin.

Every light, from the parking lot and street lights outside to the gymnasium-style multipurpose room, kitchen, and other gathering areas inside, uses energy-saving LED technology, designed to last 15 to 25 years.

In addition to contributing Commitment to Community dollars, City of Richland Center Utilities secured funding and incentives from Focus on Energy and WPPI Energy to cover the additional $68,000 lighting costs.

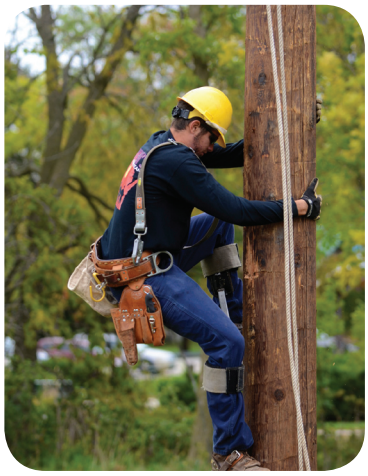
In all, the building will be nearly 50 percent more energy efficient, cutting the previous center's monthly utility bill in half. That translates to a payback period of less than eight years.

The electric utility donated four permanent electrical service sites for events around the perimeter of the center and secured approval for installing the electric vehicle fueling station in the parking lot. Its location halfway between La Crosse and Madison, in an area known to outdoor enthusiasts, made the station a logical choice for a city looking to promote green tourism.

MEMBER NEWS

- **New Richmond Utilities** recently provided a grant to help support the installation of a 16-panel photovoltaic solar system on the east lawn of the Wisconsin Indianhead Technical College at the New Richmond campus.

- On September 21, the **City of Oconomowoc** hosted the 7th annual Municipal Electric Utilities of Wisconsin (MEUW) Lineman's Rodeo. Electric workers statewide and from the region participated in competitive events that simulated the tasks preformed and real-life situations encountered by electrical workers on a daily basis. Three teams from **Oconomowoc Utilities** participated in the event, capturing first and third place overall awards.



2012 MEUW Lineman's Rodeo. Photo courtesy of Caitlin Prochaska, ProProductions, Waunakee, WI.

- **Plymouth Utilities**' new 50,500 square-foot office and operations facility was completed in July 2012. The facility meets high standards for energy efficiency, conservation and sustainable design. Among its many energy-efficient features, the facility uses a geothermal heating and cooling system, LED lighting, a dual-axis array of solar photovoltaic panels, and many more state-of-the-art systems and technologies.

Plymouth Utilities' Operations Center.

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STATE UPDATES

michigan

The member utilities of WPPI Energy and the Michigan Municipal Electric Association co-hosted a luncheon in October for legislators in the Upper Peninsula to discuss energy policy and regulatory issues impacting their local communities and customers. Additional discussion topics included the Nov. 6 ballot referendum for the "25 by '25" renewable energy mandate in the state constitution and Michigan's Energy Optimization programs and incentives.

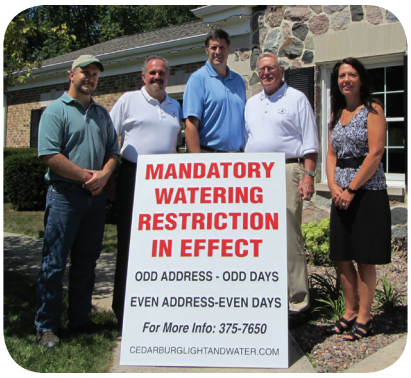
iowa

According to the U.S. Department of Energy's 2011 Wind Technologies Market Report, Iowa continues to be a leader among states generating wind power, maintaining its second-place ranking with 4,322 megawatts (MW) of wind generated. WPPI Energy's resource mix includes power from two wind farms in Iowa: Top of Iowa II, which generates 50 MW of wind energy, and Barton I, with a total capacity of 30 MW.

Top of Iowa.

wisconsin

Public Service Commission of Wisconsin (PSCW) Chairperson Phil Montgomery recently visited Cedarburg Light and Water Utility (CL&W), where he recognized the utility for its unique and innovative response measures to conserve Cedarburg's water resources during the summer drought.



(L to R) Tim Martin, Water Superintendent for CL&W; Andy Moss, Commissioner for CL&W; Phil Montgomery, Chairperson of the PSCW; Jim Coutts, Commissioner for CL&W; Jill Frank, Administrative Manager for CL&W.

Energy-Efficiency Investments Benefit the Bottom Line–and Beyond

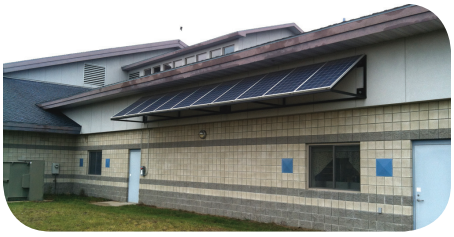
When WPPI Energy member utilities work with businesses to make energy-efficiency improvements, their efforts not only result in immediate, measurable benefits–including affordable utility bills and increased asset value–but also in cumulative cost savings that contribute to the bottom line year after year.

Unlike other building improvement projects, energy-efficiency upgrades continue to increase in value over time: for example, an energy cost savings of $5,000 in the first year multiplies to $25,000 by the fifth year and keeps accruing well after the payback point has been reached. In addition, there are other long-term advantages: lower maintenance costs, greater customer comfort and employee productivity, reduced environmental impact, and an enhanced public image.

That's why WPPI Energy member utilities make it a priority to help businesses from the consideration and planning stages through installation, serving as a trusted partner to offer technical expertise and often financial support as well.

Learning Experience

Gladstone Area Public Schools, a district in Michigan's Upper Peninsula, serves as an example of using limited resources



Gladstone Area High School.

to make a series of energy-and cost-saving improvements – while creating educational opportunities in the process.

Beginning in 2009, with support from the City of Gladstone Department of Power and Light and WPPI Energy, Gladstone High School invested in variable speed drives to improve the efficiency of the school's heating and cooling system, new boilers, hot water heaters, control systems, energy recovery ventilations, insulation, and lighting upgrades. Several additional energy-efficiency measures have reduced electric and natural gas consumption at the middle school and two elementary schools.

Since the project's inception, it has delivered cumulative energy savings of more than 964,000 kilowatt-hours and reduced the school district's electric bill by approximately $27,000 each year. More than three years later, Gladstone's local schools operate more efficiently and continue to deliver energy and dollar savings.

Gladstone High School also installed a solar photovoltaic array to generate its own electricity, which helps educate students about renewable energy.

Like the high school, organizations often find that completing an energy-efficiency building upgrade is a catalyst for establishing an overall energy management initiative that focuses on continuous improvement.

In the long run, efforts to reduce energy consumption provide ongoing benefits to the community, particularly in cities, towns and villages served by public power utilities. Energy-efficiency programs keep dollars in the community, supporting job creation and other local economic development benefits.

LED Lighting: A Brighter, Higher Efficiency Lighting Alternative

From traffic lights to small electronics, freezer display cases and high-school gymnasiums, light-emitting diode (LED) technology is being used more frequently in everyday devices as a general light source. The technology is changing and quickly evolving, and as a result, LEDs are becoming the higher efficiency alternative among large and small scale consumers eager to cut energy costs.

According to Focus on Energy–Wisconsin utilities' statewide energy efficiency and renewable

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Case in Point: Pat's Foods in L'Anse, Mich.

Pat's Foods in L'Anse, Mich.

From a cost perspective, lighting can account for as much as 30 percent of a business' electricity bill. Pat's Foods, a supermarket with six stores in upper Michigan, worked with L'Anse Electric Utility to install LED fixtures in place of T12 fluorescent units in the stores' refrigerated display cases. For Pat's Foods, that equals an expected cost savings of approximately $5,000 each year.

Conventional fluorescent lighting technologies produce radiated heat, making refrigeration units work harder to compensate for the excess heat generated by the lights. LEDs, however, operate more efficiently in colder temperatures, which not only reduces energy use but also extends the shelf life of products by minimizing the excess heat output that can accelerate food spoilage. The LED lights also illuminate the cases well and use sensors that dim the lights when store aisles are empty.

As businesses like Pat's Foods continue to make LEDs their lighting of choice, the impact on overall energy usage will be substantial.

DATEBOOK: *Winter*

WPPI Energy and its 51 members in Wisconsin, Upper Michigan and Iowa sponsor and provide support for energy education conferences and technical workshops benefiting commercial and industrial utility customers. Mark your calendars for these upcoming dates:

Reality Impacts Energy Use: Lessons from the "First Ten"
Iowa Energy Center | www.iowaenergycenter.org
- December 12, 2012 | Des Moines, Iowa and Cedar Rapids, Iowa

2013 Midwest Energy Solutions Conference
Midwest Energy Efficiency Alliance | http://mwalliance.org
- January 16 - 18, 2013 | Chicago, Ill.

Industrial Steam and Commercial Boiler Systems
The Energy Center of Wisconsin | www.ecw.org/university
- January 23, 2013 | Madison, Wis.

Residential Buildings Trainings–Renovation and Rehabilitation Seminar
The Energy Center of Wisconsin | www.ecw.org/university
- March 6, 2013 | Wisconsin Dells, Wis.

Better Buildings: Better Business Conference
The Energy Center of Wisconsin | www.ecw.org/university
- March 6 - 8, 2013 | Wisconsin Dells, Wis.

LED Lighting: A Brighter, Higher Efficiency Lighting Alternative continued

resource program–LEDs can last 50 times as long as standard incandescent lights and 10 times as long as compact fluorescent lights. Unlike incandescent or fluorescent lights that emit light in all directions, LEDs release light in a specific direction, producing light very efficiently.

LEDs offer significant advantages over standard lighting options. LEDs are known for their long operating life because they do not have a thread that will burn out like incandescent bulbs; rather, they gradually get dimmer over time. Additionally, LEDs remain relatively cool to the touch. Incandescent bulbs, on the other hand, generate light by passing electricity through a metal thread until it becomes so hot that it glows, releasing most of its energy as heat. Efficiency is the main advantage of LEDs because very little heat is generated as wasted energy and a larger portion of electricity is used to directly generate light.

As the technology improves, LED lighting is anticipated to continue replacing older, more energy intensive products in the lighting market as the preferred lighting option of choice, and the future for the technology remains bright.

Ask the Experts

Q: *How do legislative and regulatory outreach efforts benefit the members of WPPI Energy?*

A: WPPI Energy encourages leaders from its member communities to get involved in legislative and regulatory outreach, or advocacy efforts at the state and federal level. The purpose of these efforts is to protect the interests of the customers served by our locally owned utilities.

As not-for-profit entities, WPPI Energy and its members have very limited funding to spend on lobbyists. Instead, our local leaders work together to reach out to our policymakers and encourage them to make the decisions that will best protect and benefit our local customers.

WPPI Energy members are focused on the long-term economic and environmental well-being of our communities. We have a responsibility to advocate for legislation and regulation that balances the need to preserve the environment; ensures a secure energy future; mitigates costs; and keeps prices reasonable for customers.

Efforts by local mayors, utility commissioners, city council members and village board members–as simple as a phone call or an email to a state legislator, a member of Congress or a regulatory official–are very powerful tools for explaining, in real terms, how a particular proposal will affect local constituents.

WPPI Energy's member officials also make time for face-to-face meetings with state and federal policymakers to establish or improve relationships. These in-person meetings allow community leaders to provide perspective and real-world insights.

I am pleased to serve on both the American Public Power Association's Policy Makers Council and the recently established WPPI Energy member Policy and Communications Leadership Council (PCLC). The PCLC works alongside WPPI Energy staff to develop strategy and unified messaging, identify issues that require member support, plan legislative visits, prepare testimony for hearings and forums, and keep members informed about the latest legislative and regulatory developments.

By working together through joint action, we continue a strong legacy of grass-tops outreach that dates back to WPPI Energy's beginnings in 1980. Member involvement is important because together we have a stronger, more united voice and we need to make our voices heard. The sound energy policy we rally behind today will benefit the residents and business owners in our communities for years to come.

Your Questions Answered: Have a question you'd like answered by one of WPPI Energy's experts? E-mail your inquiry to PowerReport@wppienergy.org.

Mayor Paul Fisk of Lodi
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The way energy should be

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